

Message Text

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51

ACTION AF-07

INFO OCT-01 ARA-06 EUR-08 ISO-00 SAM-01 AGR-05 SWF-01 EB-04

COME-00 OMB-01 TRSE-00 CIEP-01 AID-05 SCCT-01 CEA-01

STR-01 OES-03 FEAE-00 INT-05 CIAE-00 DODE-00 PM-03

H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01

SP-02 SS-15 USIA-06 SIL-01 LAB-01 IO-04 SR-02 ORM-01

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FM AMCONSUL LUANDA

TO SECSTATE WASHDC 3015

INFO AMEMBASSY BRASILIA

AMEMBASSY ABIDJAN

AMEMBASSY LONDON

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

AMEMBASSY LISBON

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TAGS: EAGR, PINT

SUBJ: ANGOLA'S COFFEE PRODUCTION THREATENED BY LIBERATION GROUP

1. OF ANGOLA'S THREE LARGEST FOREIGN EXCHANGE EARNERS, COFFEE (NUMBER TWO IN 1973, NUMBER ONE IN 1972) IS THE MOST SENSITIVE TO POLITICAL INSTABILITY AND PRODUCTION CAN BE EXPECTED TO DECLINE, PERHAPS SHARPLY, IN THE NEAR FUTURE. BY CONTRAST, DIAMONDS, US\$82MILLION LAST YEAR, ARE PRODUCED IN A REMOTE AREA BY A COMPANY WHICH HERETOFORE HAS ENJOYED A FORM OF QUASI-SOVEREIGNTY AND CAN BE EXPECTED TO COME TO TERMS WITH WHATEVER GOVERNMENT EMERGES. NINETY PERCENT OF ANGOLA'S 261 MILLION DOLLARS WORTH OF OIL IS PRODUCED OFF-SHORE IN A RELATIVELY SMALL AREA.

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2. THE DANGER TO FUTURE COFFEE PRODUCTION HERE ARISES FROM TWO INTER-RALATED FACTORS. FIRST, MOST COFFEE PRODUCED IN ANGOLA USES CONTRACT LABOR FROM SOUTHERN ANGOLA. THIS IS SO BECAUSE PEOPLE INDIGENOUS TO THE COFFEE AREA PREFER TO BE INDEPENDENT SMALL FARMERS AND BECAUSE NORTHERN ANGOLA IS, FOR ADDITIONAL REASONS, A LABOR SHORTAGE AREA. SECONDLY, THE LIBERATION GROUP KNOWN AS THE ANGOLAN NATIONAL LIBERATION FRONT (FNLA), WHICH IS STRONGEST IN THE COFFEE REGION AND EXPECTED TO BE THE MOST INFLUENTIAL THERE AFTER INDEPENDENCE, APPEARS STRONGLY OPPOSED TO WHITE-OWNED AGRICULTURE. IN ORDER TO ECONOMICALLY PRESSURE THE WHITE GROWERS, AS WELL AS INCREASE ITS POPULARITY WITH NORTHERN BLACKS, FNLA HAS ASKED THOUSANDS OF BAILUNDO CONTRACT WORKERS TO HEAD SOUTH. FNLA SPOKESMEN CLAIM THEY DID NOT COERCE THE WORKERS BUT MERELY "EXPLAINED" TO THEM THAT THEY WOULD BE BETTER OFF IF THEY WENT HOME AND REMAINED THERE UNTIL THE POLITICAL SITUATION GETS SORTED OUT. WHITE PRODUCERS CANNOT SURVIVE WITHOUT CONTRACT LABOR UNLESS THEY RAISE WAGES ENOUGH TO ATTRACT A SUFFICIENT NUMBER OF LOCAL WORKERS.

3. THE FNLA PROBABLY WILL BE ABLE TO ENFORCE ITS WILL IN THE NORTH EVEN IF IT DOES NOT EMERGE AS THE DOMINANT POLITICAL GROUP NATION-WIDE. LESS CERTAIN IS THAT IN FURTHERANCE OF ITS PRESENT RHETORIC IT WILL ACTUALLY IMPOSE A BLANKET PROHIBITION ON CONTRACT LABOR AND/OR EJECT WHITE GROWERS EN MASSE. NONETHELESS IT SEEMS CERTAIN THAT MANY WHITE PLANTERS WILL LEAVE, VOLUNTARILY OR OTHERWISE. (FNLA HAS GENERALLY SHOWN A FAIR DEGREE OF SELECTIVITY, ATTACKING "BAD" EMPLOYERS AND SPARING "GOOD" ONES. BUT BEING "GOOD" OFTEN MEANT PAYING BRIBES OF FOOD AND CLOTHING TO THE REBELS, TACTICS WHICH ARE NO LONGER EFFECTIVE. HOWEVER, HIGHER WAGES PLUS THE RETURN OF A PORTION OF THE ANGOLAN REFUGEES IN ZAIRE MIGHT RESULT IN SUFFICIENT LABOR FOR THOSE PLANTERS ALLOWED TO STAY. ALTHOUGH THE NUMBER PERMITTED AND WILLING TO REMAIN AND UNDER WHAT CONDITIONS IS NOT YET CLEAR AND WILL NOT BE FOR SOME TIME, IT SEEMS CERTAIN THAT THE PRESENT POLITICAL INSTABILITY PLUS FNLA POLICY OF REDUCING IF NOT ELIMINATING WHITE GROWERS WILL RESULT IN A SUBSTANTIAL SHORT RUN REDUCTION IN ANGOLAN COFFEE PRODUCTION AND EXPORT. THE CURRENT CROP, ONE OF THE BEST IN YEARS, HAS BEEN HARVESTED, AND STOCKS ARE HIGH, SO THAT FNLA ACTIVITIES WILL HAVE NO EFFECT ON FOREIGN EXCHANGE EARNINGS THIS YEAR, OR WELL INTO 1975. THOSE MOST EFFECTED IN THE NEAR TERM LIMITED OFFICIAL USE

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WILL BE MERCHANTS IN NOVA LISBOA, THE MARKETING AND DISTRIBUTION CENTER OF CENTRAL ANGOLA, WHO EVENTUALLY WIND UP WITH THE MONEY SENT HOME FOR THE BAILUNDO CONTRACT WORKERS BY THE GOVERNMENT. SOME BAILUNDOS WORK YEAR ROUND ON THE COFFEE FARMS, CLEANING AND PREPARING THE TREES FOR THE NEXT CROP; THEIR PROLONGED ABSENCE COULD MEAN A DETERIORATION OF THE FAZENDAS, AND PUT A CRIMP IN THE ECONOMY OF CENTRAL AND SOUTHERN ANGOLA.

4. AN OFFICER FROM THE CONSULATE GENERAL WILL SOON VISIT THE
NORTHERN COFFEE REGIONS TO OBTAIN THE GROWERS' OWN ASSESSMENT
OF THEIR FUTURE AND TO DETERMINE FNLA PLANS FOR THE AREA.
KILLORAN

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